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Indiana Department of Financial Institutions

BORROWING BASICS

Overheads



Building: Knowledge,
Security, and Confidence

FINANCIAL EDUCATION

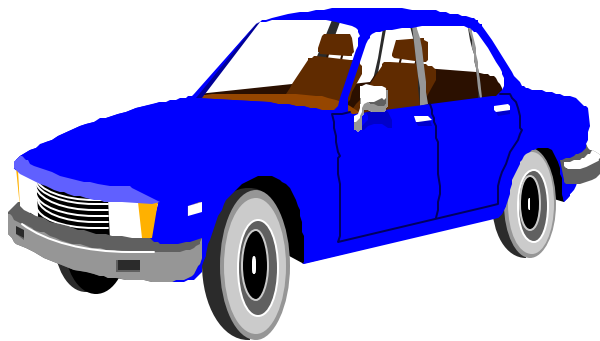
You Will Know

- The value of credit
- Different types of loans



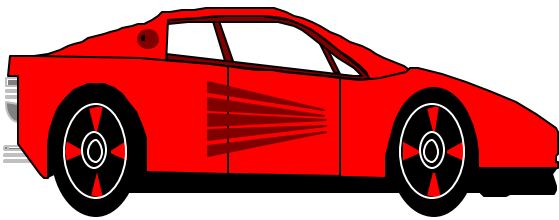
Importance of Credit

- Can be useful in time of emergencies
- Is sometimes more convenient than cash
- Allows you to make large purchases



Collateral Items

Automobiles

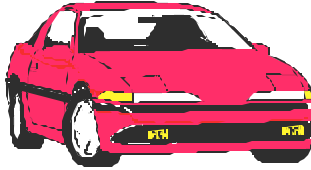


Homes



Consumer Installment Loans

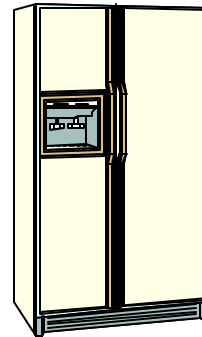
- Automobile



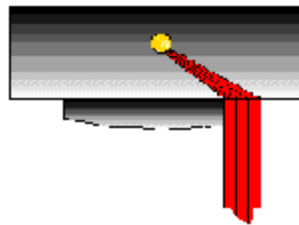
- Computer



- Furniture - Appliances



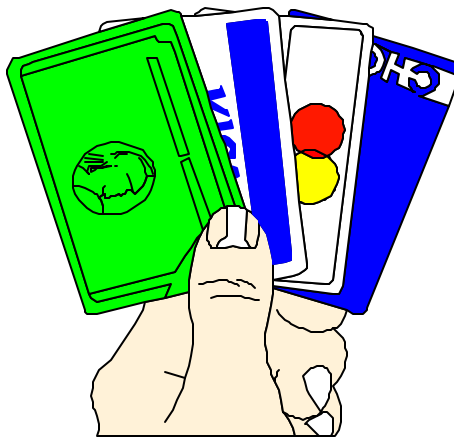
- College tuition



Credit Cards

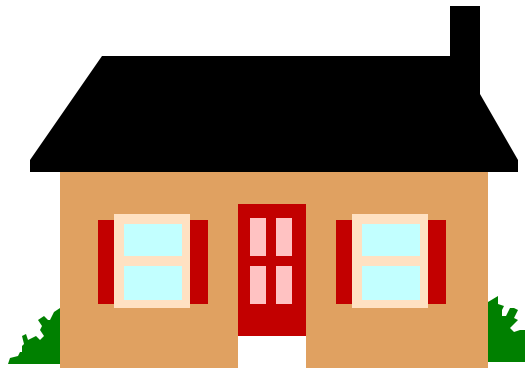
Ongoing ability to borrow money for:

- Household
- Family
- Personal expenses



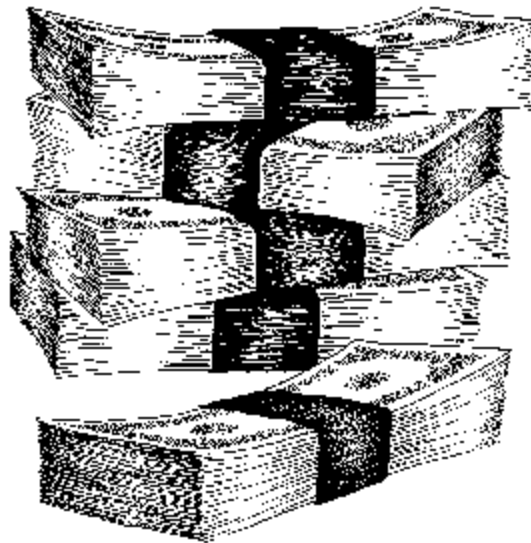
Home Loans

- Home purchase loans
- Home refinance loans
- Home equity loans



Fees

- ✓ Annual maintenance fees
- ✓ Service charges
- ✓ Late Fees



Cost of Credit

Amount Financed \$5,000.00

ANNUAL
PERCENTAGE RATE 12%

FINANCE CHARGE \$ 648.80

Total of Payments \$5,648.88

Payments: 24 @ \$235.37



Three Cs

- CAPACITY
- CAPITAL
- CHARACTER



Credit Reports

Lenders use credit reports to obtain character information. You can request a copy of your credit report by contacting any of three credit reporting agencies:

- **Experian** (888) 397-3742
- **Equifax Credit Information Services, Inc.** (800) 685-1111
- **Trans Union Corporation** (800) 916-8800

